Saskmilk

UPDATE

October 15, 2012

3rd ANNUAL GENERAL MEETING AND CONFERENCE

Hotel Reservation cut-off date is Monday, October 22, 2012

SaskMilk 3rd Annual General Meeting and Conference will be held November 7 & 8, 2012 at the Travelodge Hotel in Saskatoon. Directors and staff encourage all producers to attend the conference to meet and share ideas and concerns. Forms were sent out with the September 2012 newsletter. Please contact the Board office if you need the forms re-sent.

PRODUCER MEETINGS – OCTOBER, 2012

SaskMilk will hold the next session of producer meetings October 29, 30, & 31, 2012. Please mark your calendars and plan to attend. Lunch will be served at 12 noon at all meetings. SaskMilk will provide producers with updates on various topics and consult with producers on a number of issues. Agrifoods will also provide an update and opportunity for discussion with producers. The schedule for the meetings is as follows:

SCHEDULE

DATE	TIME	DISTRICT	LOCATION
Monday, Oct. 29	9:30 a.m.	Swift Current	F.O.A. Eagles 1910 S Service Rd. W. Swift Current
Tuesday, Oct. 30	9:30 a.m.	Saskatoon	Brian King Centre 202 8th Avenue N. Warman
Wednesday, Oct. 31	9:30 a.m.	Fort Qu'Appelle	Country Squire Inn 503 Hudson Avenue Fort Qu'Appelle

QUOTA EXCHANGE

The market-clearing price established for the October, 2012 Quota Exchange was $29,000.00.

The next Quota Exchange will be held on November 15, 2012. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the SaskMilk office by midnight, November 6, 2012. SaskMilk recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange. Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

The results of the Quota Exchange are outlined in the following Table.

OCTOBER, 2012 QUOTA EXCHANGE RESULTS SUMMARY

Market Clearing Price per kilogram of butterfat	**$ 29,000.00**
Daily Kilograms offered to Purchase	**5.20**
Kilograms offered to Sell	**221.65**
Kilograms sold	**5.20**
Number of Producers	
- offered to purchase	**1**
- purchased quota	**1**
- offered to sell	**10**
- sold quota	**2**

OCTOBER, 2012 QUOTA EXCHANGE CLEARING PRICE RESULTS

Price ($/daily kg b.f.)	No. of Sellers	Cumulative Sellers	Daily Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Daily Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
$29,000.00	2	2	11.40	11.40	6.20	5.20	0.00	1	0
$29,950.00	1	3	10.00	21.40	16.20	5.20	0.00	1	0
$30,000.00	3	6	58.00	79.40	74.20	5.20	0.00	1	0
$30,500.00	3	9	35.25	114.65	109.45	5.20	5.20	1	1
$31,000.00	1	10	107.00	221.65	221.65	0.00	0.00	0	0

TRANSFER CREDIT SUMMARY REPORT

MONTH	# OF PRODUCERS TRANSFER IN	# OF PRODUCERS TRANSFER OUT	TOTAL KGS BUTTERFAT
September	14	13	15,745
October	23	21	25,971
November	25	27	27,199
December	23	22	22,169
January, 2012	18	16	22,543
February	18	16	13,595
March	16	16	8,585
April	30	18	27,232
May	13	12	12,700
June	11	12	9,467
July	7	7	6,610
August	8	9	7,748
September	17	15	16,499

OVER QUOTA (OVER 10 DAYS) REPORT BY MONTH

MONTH	# OF PRODUCERS	KGS BUTTERFAT
September	2	157
October	3	357
November	3	329
December	4	1,032
January, 2012	10	2,606
February	11	4,724
March	11	3,154
April	27	9,368
May	22	3,358
June	9	1,120
July	5	441
August	4	403
September	7	367

SUMMARY REPORT OF CREDITS September, 2012 – 171 PRODUCERS

DAYS	# OF PRODUCERS	POSITIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)
+10	0	0
+ 5 to +10	7	2,414
0 to + 5	36	11,536
TOTAL	43	13,950
DAYS	**# OF PRODUCERS**	**NEGATIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)**
-20	0	0
-15 to -20	27	-65,232
-10 to -15	28	-56,921
-5 to -10	35	-34,040
0 to -5	38	-15,864
TOTAL	128	-172,057

WEIGHTED AVERAGE COMPONENT TESTS & PRICES September, 2012

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8773	11.377476
Protein	3.3527	8.377472
Other Solids	5.6913	1.233776

Based on the average component tests for the province, the average price received was **$79.223** per hectolitre. **The average butterfat price received per kilogram was $20.42.**

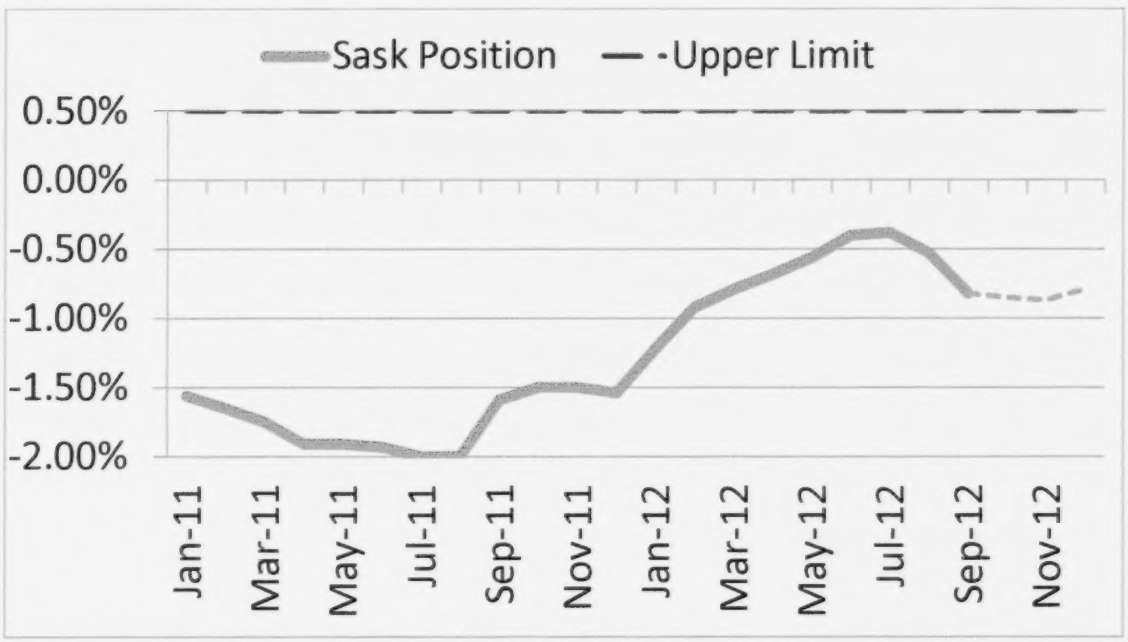
SASKATCHEWAN MILK POOL RESULTS September, 2012

Milk Sale Revenue	$ 13,434,935.50
Western Milk Pool	$ 1,132,486.46
Plant of Last Resort Service	$ (54,820.89)
Total Pool Value	**$ 14,512,601.07**

LOST OPPORTUNITY REPORT

MONTH	# OF PRODUCERS	LOST OPPORTUNITY (KGS OF BUTTERFAT)
September	28	13,098
October	21	8,137
November	18	5,354
December	10	2,240
January, 2012	6	1,106
February	4	1,487
March	8	3,854
April	13	9,776
May	10	5,501
June	11	6,523
July	16	9,952
August	22	13,704
September	24	15,137

SK Milk Production



In September, Saskatchewan had a monthly CDC allocation of **733,804 kilograms** of butterfat. In the month of September, Saskatchewan production was **-23,169 kilograms** of butterfat under and cumulatively **under** by **-72,158 kilograms** of butterfat. On a percentage basis, Saskatchewan is **-0.80%** within our CDC allocation flexibility limits based on the Continuous Quota model. The -1.50% lower flexibility limit is in effect.

	(1) Monthly Total Production Kgs bf	(2) Total Monthly CDC Quota Allocation Kgs bf	(3) Monthly Over or (Under) Production Kgs bf col. 1 – 2 = 3	(4) Lower Flexibility Limit **(1.5%)** Kgs bf col. 9 * -1.5%	(5) Upper Flexibility Limit **1.0%** Kgs bf col. 9 *1.0%	(6) Cumulative Over or (Under) Production with limits Kgs bf	(7) Cumulative Over or (Under) Production with limits in - % col. 6 / 9	(8) Over Quota or (Lost Production Opportunity) Kgs bf	(9) Rolling 12 Month Total Quota Kgs bf
Sep-11	716,780	744,377	(27,597)	(178,670)	44,667	**(142,052)**	**-1.59%**	(63,882)	8,933,497
Oct-11	762,771	774,160	(11,389)	(134,262)	44,754	**(134,262)**	**-1.50%**	(19,179)	8,950,830
Nov-11	754,256	767,286	(13,030)	(134,481)	44,827	**(134,481)**	**-1.50%**	(12,811)	8,965,400
Dec-11	786,189	790,598	(4,409)	(134,551)	44,850	**(138,320)**	**-1.54%**	(570)	8,970,053
Jan-12	800,269	771,312	28,987	(134,755)	44,918	**(109,363)**	**-1.22%**	0	8,983,638
Feb-12	752,035	725,489	26,546	(135,400)	45,133	**(82,817)**	**-0.92%**	0	9,026,671
Mar-12	781,420	769,585	11,835	(135,588)	45,196	**(70,982)**	**-0.79%**	0	9,039,176
Apr-12	744,524	735,251	9,273	(135,553)	45,184	**(61,708)**	**-0.68%**	0	9,036,834
May-12	765,359	754,299	11,060	(135,605)	45,202	**(50,772)**	**-0.56%**	0	9,040,303
June-12	737,921	723,028	14,893	(135,565)	45,188	**(35,917)**	**-0.40%**	0	9,037,685
July-12	723,166	721,246	1,920	(135,331)	45,110	**(33,997)**	**-0.38%**	0	9,022,051
Aug-12	721,786	735,300	(13,514)	(135,181)	45,060	**(47,511)**	**-0.53%**	0	9,012,093
Sept-12	710,635	733,804	(23,169)	(135,045)	45,015	**(72,158)**	**-0.80%**	0	9,002,999

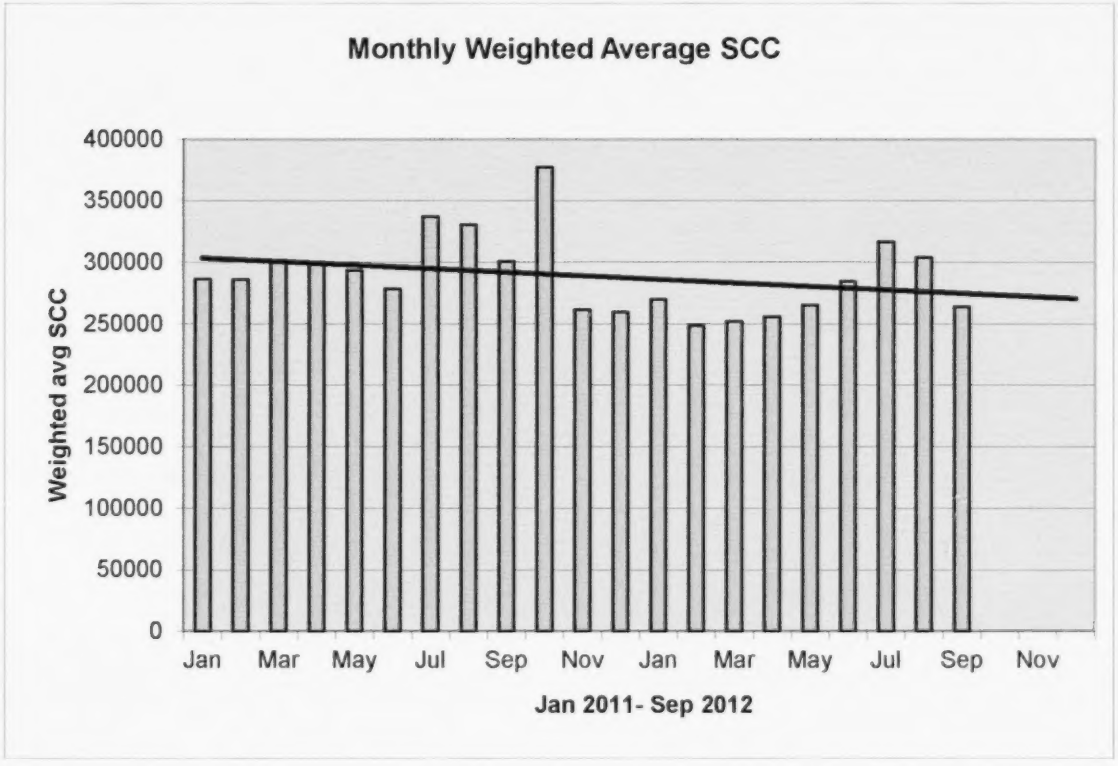
(1) Monthly Production in Saskatchewan
(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
(3) Difference between the monthly production (1) and the total monthly quota (2)
(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
(5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)
(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
(8) Over Quota or (Lost production opportunity) outside of flexibility limits
(9) Total Monthly CDC Quota Allocation for the previous 12 months

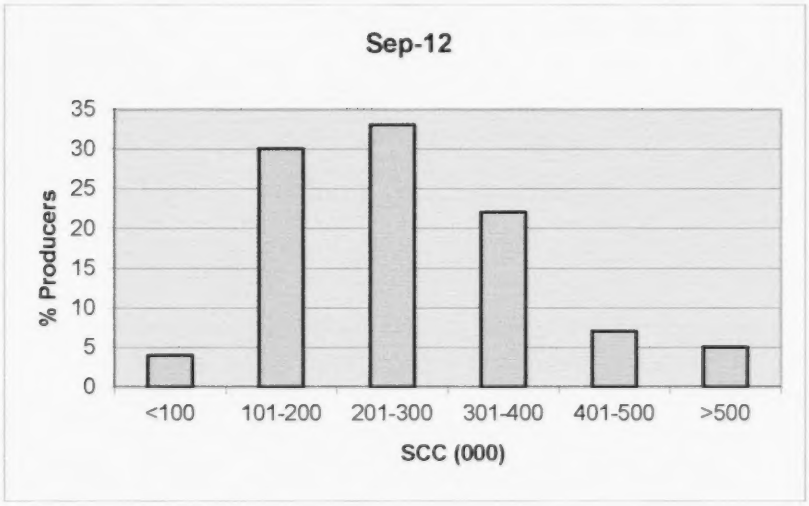
SCC LIMIT CHANGING TO 400,000

Effective August 1, 2012, the SCC limit is changing to 400,000. From August 1, 2012 until December 31, 2012 violation of the new limit will be indicated by a Warning. Penalties will be applied according to the new limit starting January 1, 2013.

The following graphs provide producers with an overview of the Provincial Somatic Cell Count weighted average on a monthly basis as well as a breakdown of the % of producers in each SCC level for the month of September.

If you have any questions contact: Deb Haupstein at 306-721-9486.





August 2012 Producer Statement Changes

Producers will see two changes going forward on their producer statement this August 2012.

PROMOTION

The SMMB promotion/admin Levy has been replaced by the SaskMilk promotion levy of $1.40 per hecolitre. The SMMB promotion/admin Levy was charged to producers on a kilogram of butterfat basis and the new SaskMilk promotion levy is charged on a per hecolitre basis.

HAULAGE

The Producer Basic Haulage charge is no longer calculated as all producers will pay the same blended rate per hecolitre for haulage. The new blended rate will be charged to all producers as Producer Provincial Haulage. Extra freight charges will continue to be the individual producer expense and not pooled.

Dairy Herd Health Screening Initiative

SaskMilk has started a screening initiative to determine the production limiting disease prevalence in Saskatchewan dairy herds.

Bulk milk samples were taken from all herd in the province and tested for antibodies for MAP and Leukosis. PCR tests were used to detect the presence of BVD and contagious mastitis. All producers who wanted them, have received their results for Johne's, Leukosis, BVD and contagious mastitis.

Collection of 6 environmental fecal samples from manure concentration, manure storage and cow concentration areas for culture, isolation and molecular typing of MAP organisms is underway. The goal is to have all farms sampled by early in the New Year.

If you have any questions or concerns regarding this study please contact:
Deb Haupstein at 306-721-9486

HayEast 2012

Mennonite Disaster Service (MDS) Units in Saskatchewan and Ontario together with several Ag Producer Groups have launched **HayEast 2012,** to assist farmers in drought-stricken areas of Eastern Ontario and the US Midwest.

Drought has severely impacted the livestock and dairy sector, not only creating a shortage of hay, but forcing farmers to feed hay stored for winter to their livestock now. MDS is actively working at moving surplus Saskatchewan hay to drought stricken areas. MDS Ontario is working collaboratively with other organizations to ensure broad awareness in drought affected areas, to be positioned to receive hay, and to distribute it in the most effective way possible.

Can you help? Farmers willing to donate hay should contact Ike Epp via e-mail at birwood@littleloon.ca or by phone: (306) 342-4344. Anyone else wishing to support this cause is invited to donate financial resources to help defray the cost of moving surplus hay. Donations can be sent to the MDS Region V office, 6A-1325 Markham Rd Winnipeg, MB, R3T 4J6, or any MDS Unit.

www.mds.mennonite.net

www.hayeast2012.com

GST on Transfer Credit Transactions

SaskMilk has been receiving calls from producers inquiring about GST on transfer credits. Below is what was published in the February 2010 Milk Control Board Monthly Update.

GST on Transfer Credit Transactions
Please be advised of the following information that was published in Alberta Milk's January 2010 "Milking Times" newsletter. (SaskMilk) has not received a similar request or order for Saskatchewan; however it is important that producers are informed of this information.

"Alberta Milk was served with a federal court order on November 26, 2009 on behalf of the Minister of National Revenue. Alberta Milk is required to provide, by January 31, 2010 a complete list of individuals or entities who loaned, transferred or disposed of milk quota through Alberta Milk for the taxation years 2006, 2007 and 2008. The list must include addresses and contact information for all parties identified. On the advice of legal counsel, Alberta Milk will be complying with the court order.
...the sale of quota is considered a zero-rated transaction for GST purposes and therefore not subject to GST. However, the same provision was not provided for lease transactions, whether be it the lease of land or the lease of quota. These transactions are not considered zero-rated and are subject to GST. The sale of credits would be considered similar to a quota lease, for GST purposes, and therefore should be subject to GST."

Based on consultation with Meyers Norris Penny the trading of transfer credits are subject to GST at a rate of 5%

☐ The Excise Tax Act (ETA") Regulations– Agriculture and Fishing Property (GST/HST) Regulations subsection 1(5), zero-rates the "sale" of quota authorized by a government agency or marketing board in respect of an agricultural product the supply of which is included in section 1 of Part III or in section 1, 2, 3, 4 or 7 of Part IV of Schedule VI to the Excise Tax Act. Subsection 1 (d) of Part III Schedule VI of the ETA provides for the zero-rating of milk based beverages.

☐ By definition under subsection 123(1) of the ETA, a sale in respect of property includes any transfer of the ownership of the property and a transfer of the possession of the property under an agreement to transfer ownership of the property.

☐ The transfer of credits is by definition, not a sale of the quota as ownership of the quota has not transferred; as such, the transfer of the credits is not captured under the zero-rating or exemption provisions of the ETA and would be subject to the GST at the rate of 5% in Saskatchewan.

☐ In essence the transferring of the credit is in respect of a right to use quota and not the sale of the actual quota. The ownership of the quota remains with the producer and ultimately with the Board. Only a "sale" of quota by definition is captured under the zero rating provision of the ETA regulations. "Credits" as defined under (SaskMilk) represents the difference between a producer's actual production and daily quota allocation. Transfer credits are defined under (SaskMilk) as negative credits that are transferred from one producer to another to change each producer's cumulative position.

BSE Surveillance – Still Important for Saskatchewan Cattle Industries

You probably haven't heard much about BSE in Canada lately. You may even think that BSE is no longer a problem for Canadian cattle producers. In some ways you would be right – BSE is rarely found in Canada these days, market access has pretty much returned to pre-BSE levels, and most people just plain don't worry about it anymore. If you do think about it, maybe you are one of those producers who think "it's not my problem".

The truth is, BSE affects all cattle producers. In order to be able to sell your product, you need market access. To have market access, your industry must demonstrate that Canada has low risk of BSE in cattle. To demonstrate low risk of BSE, Canada needs to have a strong BSE surveillance program. To have a strong BSE surveillance program, producers like you must participate!

BSE surveillance is needed to make sure Canada's BSE control measures are working. This surveillance shows that cases of BSE have been decreasing over the years; eventually, the goal is to show the absence of BSE entirely, and prove the effectiveness of control measures.

Canada has a "controlled" BSE risk status. This means that even though BSE has been found in Canada in the past, proper surveillance, feed bans, reporting and education programs are in place. These activities must continue in order to maintain, and eventually improve, Canada's BSE risk status. Without these activities Canada's BSE status may be downgraded, resulting in loss of international market access. Continued participation from cattle producers is critical to the success of the BSE surveillance program.

Cattle over 30 months of age that are dead, down, dying and diseased are eligible for testing. Call your veterinarian or the nearest CFIA office if you have an animal that meets any of the testing criteria. You can also call the CFIA's BSE surveillance hotline at 1-866-400-4244.

Remember – if you can't ship it, test it!

Wendy Wilkins, DVM PhD
Disease Surveillance Veterinarian
Animal Health Unit
Ministry of Agriculture
(306) 798-0253 (wk)

QUOTA LISTING SERVICE

SaskMilk offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or miscellaneous dairy equipment is welcome to contact the SaskMilk office at (306) 949-6999. All prices and negotiations will be independent of SaskMilk.

Please note that ads will be posted in two issues and will then be removed unless SaskMilk is notified otherwise.

- Nice looking breeding bull for sale. Gillette Jordan x Pennview Bolton Iria. Born Oct 25, 2011. Reg# 9921033. 3rd Dam Pennview Rudolph India, 2006 & 2008 Finalist Canadian Cow of the Year. Call: Bas (306) 242-8949

- For Sale: 20 kg daily butterfat. Call Johan 1-306-750-7273

- For Sale: Automatic CF300 Calf Feeder with two feeding stalls. Call George at 306-228-1749.

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